No. 15294

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

SAFEWAY STORES, INCORPORATED,

Appellant,

vs.

SAFEWAY FURNITURE CO., INC., *et al,*

Appellees.

Appeal From the United States District Court for the Southern District of California, Central Division.

APPELLEE'S BRIEF.

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TABLE OF AUTHORITIES CITED

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Statement of the Case.

The appellee, Morris Rudner, who is the sole remaining defendant in this case, concedes that both the District Court and this Court have jurisdiction over the trial and review, respectively, and we, too, shall refer to the parties as plaintiffs and defendant.

Defendant has no quarrel with Plaintiff's recitation of what it calls "Uncontroverted Facts," except insofar as it attempts to insinuate that it is an "uncontroverted fact" that Safeway has acquired a secondary meaning indicating plaintiff *and the retail business conducted by it.* Plaintiff

had attempted to redraft finding of fact IV so that it would end with the clause "and the goods sold by it," [R. 71] but both defendant's counsel and the Court saw through this attempt and the Court found that the word Safeway had obtained a secondary meaning but only as indicating the stores operated by plaintiff, which to the defendant is a far cry from what plaintiff attempted to prove.

Defendant also disagrees with the conclusion plaintiff comes to in the second paragraph on page 8 of its Opening Brief, when it says "the script and block letters of the word Safeway used in defendant's advertising were the same as those used in plaintiff's advertising."

Points Involved.

To the defendant the problems involved in this matter are threefold:

1. Were the parties herein in competition with each other?

2. Did the defendant advertise in such a manner as to convey the impression that the defendant had any connection with the plaintiff, or were the customers or prospective customers of plaintiff or defendant confused or would there be any likelihood of the customers being confused because defendant used the name Safeway Furniture Co.?

3. Was the defendant guilty of using the name Safeway Furniture Co. in such a manner as to defraud the public?

ARGUMENT.

I.

The Parties Herein Are Not in Competition With Each Other.

The record is replete with evidence and findings that the defendant sold nothing but furniture and that, with the exception of a step-stool and a rocker (which does not resemble the rockers sold by plaintiff), neither party sold any of the items carried by the other. [R. 204, 205.] The items listed by Mr. Denney, plaintif's manager, bears out the above statement. It is true the Court found [F. F. IV, R. 76] that in certain of its stores in a district other than Los Angeles, plaintiff has sold various items of household supplies, and itemizes these, but, it is also true, defendant never did, does not now, nor ever intends to sell the items listed therein, and therefore it is quite apparent the parties were not in competition. Not only is the merchandise not identical, but it is not even similar, for what the defendant sells is more commonly known as furniture, whereas what the plaintiff sells is more accurately described as household supplies or equipment, as set forth in plaintiff's complaint (Paragraph VII) and on page 4 of its Opening Brief. Plaintiff, throughout its Complaint, evidence, and Opening Brief, makes considerable of the fact it is big and has spent lots of money to establish this bigness and on page 27 of its Brief, awaits with great curosity defendant's reply to its contention that surely it cannot be the law that a merchant who has established a good will value of $75,000.000.00 for its

trade name cannot prevent another merchant from selling merchandise of the same classification.

To satisfy the curiosity of the plaintiff, defendant replies that the items sold by defendant and those heretofore sold by plaintiff, and even those plaintiff contemplates selling, are not of the same general character or classification. Surely, a household mop or wax is not in the same classification as a bedroom suite or living room suite. On page 27 of its Opening Brief, plaintiff complains that the decree entered by the Court must be reversed because it declined to allow the plaintiff to show items of household furniture as sold in retail grocery and food stores. Testimony, however, shows that it is not household furniture as such which plaintiff sold, but expendable supplies and equipment found in a household.

With respect to plaintiff's argument that the use by the defendant of the name Safeway Furniture Co. will dilute the value of the name Safeway, defendant respectfully draws to the attention of this Court the stipulation by the parties putting into evidence the many different Safeways which were filed with the Clerk of the County of Los Angeles, and which are to be found in the various telephone directories in this County.

II.

No Confusion Exists, nor Is There Any Likelihood of Confusion, Because of the Defendants' Use of the Name Safeway Furniture Co.

With respect to the defendant's advertisements, there was only one advertisement placed by defendant which could possibly have been confusing, which was on November 16, 1953, referred to in appellant's Opening Brief, page 49, wherein it says "Safeway is Open Sunday."

However, even plaintiff admits there is no other exhibit showing defendant used the word Safeway alone and the testimony of the defendant [R. 208] shows that the defendant has discontinued any such display advertising.

Defendant's Exhibit "A" is not an advertisement inserted by defendant, but by a Safeway Furniture Co. with which defendant had absolutely no connection whatsoever. [R. 207.]

In *Fairway Foods Inc. v. Fairway Markets Inc.*, (U. S. C. A. 9th Cir.), 227 F. 2d 227, the learned Circuit Judge writing the opinion of this Court said, "the evidence without conflict supports the trial court's finding that there has been no confusion or any likelihood of confusion because of the use of both parties of the word 'Fairway.' There is absolutely no competition between the parties. Perhaps the most important element of unfair trade is that there be competition in the sale of like merchandise and that there is, or there is likelihood of, confusion as to which competitive article is being purchased." Certainly our case falls foursquare within the *Fairway* case.

On page 34 of its Opening Brief, plaintiff cites the *Big Boy* case (9th Cir. 1955), 229 F. 2d 154, wherein this Court reversed the District Court's action in sustaining defendant's demurrer to the complaint. This Court reversed, as plaintiff's Opening Brief states, solely upon the ground that the allegation as to confusion of identity of manufacturer entitled the plaintiff to relief if he could prove his averment.

In the case at bar, the plaintiff tried to prove confusion but the evidence and findings clearly established there was no confusion.

III.

The Defendant Did Not Deceive or Defraud, nor Attempted to Deceive or Defraud the Public.

The evidence here shows no deception in or from the conduct of the defendant; no act or omission that was likely to deceive, no intent to deceive, no possibility of deception and no effort whatsoever to "palm off" defendant's goods as that of the plaintiff's.

In the case of the *Elgin Watch Co. v. Illinois Watch Case Co.* 179 U. S. 665, 673, it was held that a secondary signification will be protected by restraining the use of the words by others in such a way as to amount to a fraud on the public. The essence of the wrong consists in the sale of goods by one manufacturer or vendor for those of another.

In the case at bar, the record conclusively proves that there was no fraud intended on the public; there was no attempt to "palm off" goods of the defendant as being goods of the plaintiff, nor do the advertisements of the defendant in any way tend to indicate that the defendant is connected in any manner whatsoever with the plaintiff.

In the case of the *U. S. Lift Slab Co. v. Allen H. Subbs,* Los Angeles Sup. Ct. No. 643308, the Superior Court of California held that since even a descriptive trade name may come to have a secondary meaning, it requires an accurate conception of what is denoted by the term "secondary" meaning. Judge Palmer, in his learned opinion, cites a number of leading cases with respect to the question of what is required after it is conceded a secondary meaning has attached to a phrase before the plaintiff in such cases is entitled to relief against subsequent users. Among the cases cited therein

is *Richmond Remedies Co. v. Dr. Miles Medical Co.,* 16 F. 2d 598, 602, wherein it is said:

> "when a descriptive or geographical word or symbol comes by adoption to have a secondary meaning denoting origin, its use in this secondary sense may be restrained, *if it amounts to unfair competition.* In such a case, if the use of it by another be the purpose of palming off the goods of one as and for the goods of another, a court of equity will interfere for the purpose of preventing such a fraud."

Conclusion.

Throughout its Opening Brief plaintiff cites a multitude of cases, very few of which have any bearing upon the issues of this case for the reasons that in the case at bar there was no competition between the parties, no confusion could exist in the minds of the public, that defendant practiced no fraud in connection with his use of the name Safeway Furniture Co., and there was no proof that the use of the term Safeway Furniture Co. depleted the value of plaintiff's name. In fact, the testimony of the plaintiff [R. 43] shows that its sales have increased despite the use by defendant of the name Safeway Furniture Co.

It is the contention of defendant that the testimony of the witnesses, stipulations of the parties, and the exhibits, sustain the findings of the Court below and justify its conclusions and that therefore the decree of said Court should be affirmed.

All of which is

Respectfully submitted,

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Attorney for Defendant and Appellee